

International Travel and Passenger Fares, 1980

THE U.S. travel and passenger fare deficit declined 28 percent in 1980, to \$1.9 billion—the lowest level of net U.S. payments on international travel and passenger fare transactions since 1968. Receipts from foreign visitors in the United States, and the fares they paid to U.S. transoceanic carriers, totaled \$12.1 billion, an increase of 21 percent from 1979. Expenditures of U.S. travelers abroad, and their payments to foreign transoceanic carriers, totaled \$14.0 billion, an increase of 11 percent (table 1).

This article reviews U.S. international travel and passenger fares in 1980, and makes some comparisons of developments in 1979–80 and 1974–75, two periods of worldwide economic downturn associated with sharp increases in petroleum prices. The petroleum price increases affected international travel directly through higher fuel costs and indirectly through reduced real incomes in countries that

were petroleum importers, intensified inflation, and decreased output and employment.

Despite the similarities in the two periods, international travel and passenger fare transactions responded

This article reviews expenditures of U.S. residents traveling abroad and expenditures of foreign residents visiting the United States. These expenditures consist of the travel accounts and part of the passenger fare accounts that appear in the U.S. international transactions accounts. They do not cover U.S. carriers' receipts for transporting foreign residents between foreign points, because these receipts do not involve travel to and from the United States; these receipts are included in the passenger fare account in line 5 of tables 1, 2, and 10 of the quarterly presentation of U.S. international transactions. Travel expenditures do cover passenger fares paid by U.S. travelers to U.S. transoceanic carriers, which are an important part of total expenditures by U.S. travelers; these fares do not enter into the U.S. international transactions accounts.

Travel account payments include expenditures in foreign countries by U.S. visitors for food, lodging, entertainment, transportation purchased abroad, and other expenses incidental to a foreign visit. Excluded are expenditures by U.S. military and other Government personnel stationed abroad, by their dependents, and by U.S. citizens residing abroad. Payments to foreign transoceanic carriers and shipboard expenditures are included in the passenger fare account. Shore expenditures of cruise passengers are included in travel payments.

Travel account receipts include expenditures in the United States by foreigners on business, pleasure, and study trips, and by those in transit for services similar to those indicated for payments. Receipts of U.S. transoceanic carriers from foreigners are included in the passenger fare account.

Table 1.—International Travel and Passenger Fare Transactions

(Millions of dollars)

	1973	1974	1975	1976	1977	1978	1979	1980
Total expenditures of U.S. residents for travel abroad.....	8,472	9,686	10,143	10,868	11,824	12,165	14,375	16,080
Less: U.S. passenger fare payments to U.S. carriers (not included in U.S. international transactions accounts).....	1,156	1,331	1,483	1,444	1,725	1,784	1,978	2,304
Total travel and passenger fare payments.....	7,316	8,355	8,660	9,424	10,100	11,381	12,397	14,084
Travel: Payments of U.S. travelers in foreign countries (line 20).....	5,526	6,028	6,417	6,858	7,451	8,475	9,433	10,397
Passenger fares: U.S. payments to foreign carriers (line 21).....	1,790	2,327	2,243	2,566	2,748	2,906	2,964	3,687
Total travel and passenger fare receipts.....	4,130	4,848	5,444	5,879	7,176	8,434	10,012	12,143
Travel: Receipts from foreign visitors in the United States (line 4).....	3,412	4,032	4,697	5,742	6,180	7,186	8,325	10,000
Passenger fares: Receipts of U.S. carriers for transportation of foreign visitors to and from the United States (part of line 5) ¹	718	816	747	937	1,026	1,248	1,687	2,043
Net travel and passenger fare payments.....	3,186	3,507	3,216	3,745	3,024	2,947	2,385	1,941

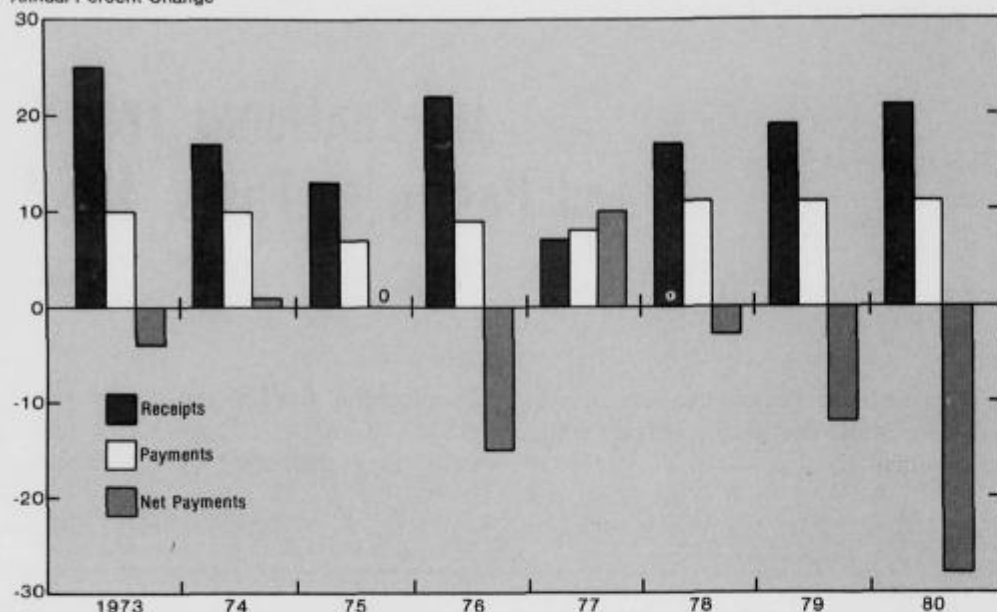
1. Excludes fares paid by foreigners to U.S. carriers for transportation between two foreign points.

NOTE.—References in parentheses are to lines in tables 1, 2, and 10 of the quarterly presentations of U.S. international transactions in the March, June, September, and December issues of the Survey of Current Business.

CHART 5

Trends in International Travel and Passenger Fare Transactions

Annual Percent Change



U.S. Department of Commerce, Bureau of Economic Analysis

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somewhat differently to the 1974-75 and 1979-80 petroleum price shocks (chart 5). Both U.S. travel receipts and payments increased at a slower rate in 1975 than in 1974. In contrast, U.S. receipts increased at a faster rate in 1980 than in 1979, and U.S. payments increased at the same rate in both years. A milder downturn in the later period and a smaller increase in air fares paid by U.S. travelers overseas—26 percent compared with 41 percent—accounted for some of the difference in response. Differences between the two periods in the strength of the U.S. dollar relative to foreign currencies and in U.S. gasoline prices relative to prices in Canada and Mexico also contributed to the difference.

U.S. travelers' expenditures abroad, adjusted for changes in consumer prices abroad and dollar exchange rates, declined in each period, but considerably more in 1974-75 than in 1979-80 (chart 6). Foreign visitors' expenditures in the United States, adjusted for changes in the U.S. Consumer Price Index, increased in each period, but more in 1974-75.

Foreign travel in the United States

Despite economic downturns abroad, which coincided with or closely fol-

lowed U.S. downturns, U.S. travel and passenger fare receipts increased substantially in 1974-75 and 1979-80. The increase in the number of overseas visitors dropped sharply in both periods, but higher U.S. inflation and appreciation of major foreign currencies against the dollar contributed to higher average expenditures by those who did visit. U.S. travel and passenger fare receipts increased 32 percent in 1974-75 and 44 percent in 1979-80. The travel receipts component, in current dollars, increased

38 percent and 40 percent, respectively, and in constant (1972) dollars, 19 percent and 12 percent.

Overseas.—Travel receipts from overseas visitors, which accounted for about 50 percent of total travel receipts, increased 17 percent in 1980 (table 2 and chart 7). Visitors' average expenditures were up 9 percent and the number of visitors was up 7 percent, far below the rate of increase in previous years (tables 3 and 4). As in 1974-75, higher air fares discouraged overseas visitors to the United States, and rising U.S. prices were largely responsible for higher average expenditures. Passenger fares paid to U.S. carriers by foreign visitors to the United States increased 22 percent in 1980.

International travel is affected by exchange rates—those assumed to prevail for purposes of planning and those actually prevailing at the time of travel. However, the volatility of exchange rates in 1980 made it particularly difficult to trace their effects on expenditures in the United States for that year. Differences in exchange rates between 1974-75 and 1979-80 contributed to the differences in the response of travel expenditures in the United States in the two periods. Exchange rates in 1979-80 were more favorable than in 1974-75 for visitors from Germany and Japan—two countries from which major shares of overseas visitors to the United States were drawn. For

Table 2.—U.S. Receipts From Foreign Visitors in the United States

[Millions of dollars]

	1973	1974	1975	1976	1977	1978	1979	1980
Total U.S. travel receipts.....	3,412	4,032	4,697	5,742	6,150	7,186	8,335	10,090
Canada.....	1,072	1,225	1,561	1,983	2,150	2,248	2,092	2,428
Mexico.....	830	1,142	1,311	1,364	1,316	1,459	1,809	2,554
U.S. border area.....	598	838	972	1,023	967	954	1,100	1,646
Overseas.....	1,510	1,665	1,825	2,395	2,684	3,479	4,374	5,108
Western Europe.....	559	570	611	852	1,003	1,323	1,667	1,942
United Kingdom.....	126	142	144	183	205	308	375	469
France.....	76	63	68	96	121	140	180	216
Germany.....	137	126	145	206	263	333	440	500
Italy.....	46	43	41	59	61	70	84	96
Netherlands.....	27	28	36	49	57	84	97	108
Sweden.....	19	22	23	37	40	54	n.a.	n.a.
Switzerland.....	23	27	32	43	51	72	n.a.	n.a.
Other.....	105	119	122	179	205	262	n.a.	n.a.
Caribbean and Central America.....	205	216	206	289	276	322	375	417
South America.....	198	237	303	360	455	660	793	977
Other areas.....	548	642	705	894	950	1,174	1,539	1,772
Japan.....	334	402	410	439	450	530	699	774

n.a. Not available.

the United Kingdom, another country from which many visitors were drawn, the exchange rate in 1979-80 was about the same as that in 1974-75.

Canada.—U.S. travel receipts from Canada, which accounted for almost 25 percent of total travel receipts, increased 16 percent in 1980, after a drop in 1979. Higher average expenditures, reflecting the high rate of inflation in the United States, accounted for most of the increase; the number of Cana-

dian visitors increased only 1 percent. The number of visitors traveling by auto and returning to Canada the same day they entered the United States declined 2 percent, while those staying one night increased 2 percent. Receipts from visitors in two other categories accounted for over 85 percent of all travel receipts from Canada. The number traveling by auto and staying two or more nights was up 9 percent, and the number traveling by air was up 6 percent.

Canadian travel to the United States has gradually become less seasonal. The percentage of visits made in the third quarter has declined over recent years to 34 percent in 1980, and the percentages of visits made in the second and first quarters have increased to 26 percent and 21 percent, respectively.

Mexico.—Receipts from Mexican visitors in the United States, which accounted for 25 percent of total U.S. travel receipts increased 37 percent in 1980. The increase was largely due to a 42-percent increase in U.S. border area receipts. A U.S. inflation rate about one-half that of Mexico made prices of goods and services in the U.S. border area increasingly attractive. Concern about possible devaluation of the Mexican peso may have led to stepped-up conversion of pesos into dollars in U.S. border areas.

Travel receipts from Mexican visitors in the interior portion of the United States increased 28 percent in 1980, a rate below those of the 2 previous years. Newly established air routes helped boost travel to the United States in 1978-79, but higher air fares in 1980 may have reduced some of this new air traffic.

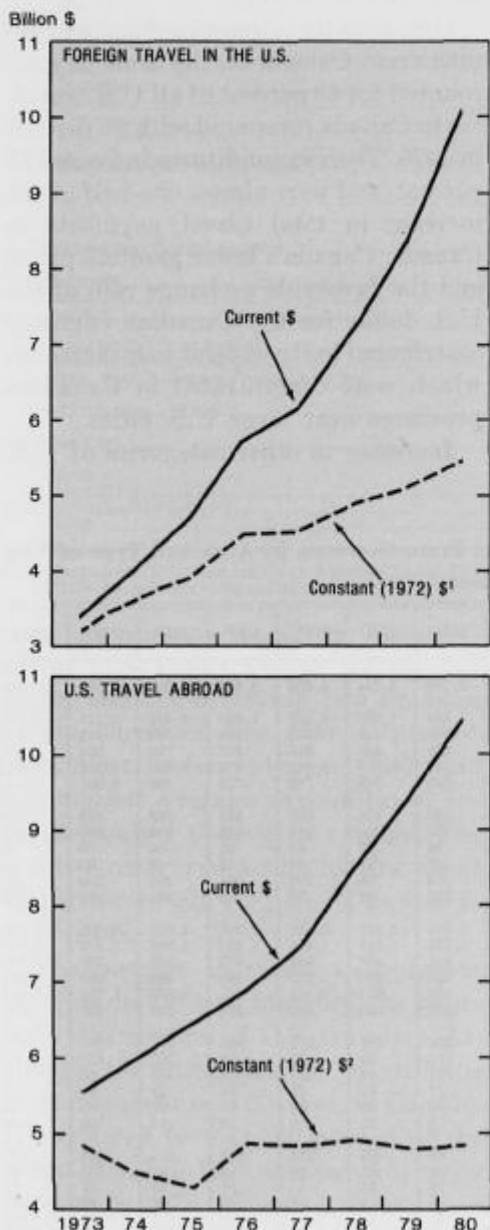
U.S. travel abroad

U.S. travel and passenger fare payments were affected by weakness in economic activity, although not as much as in 1974-75. In current dollars, these payments increased 23 percent in 1979-80 and 19 percent in 1974-75. The travel payments component increased 23 percent and 16 percent, respectively. In constant (1972) dollars, this component declined 1 percent in 1979-80 and 12 percent in 1974-75. Rising costs abroad and

little change in constant-dollar U.S. per capita disposable personal income were partly responsible for declines.

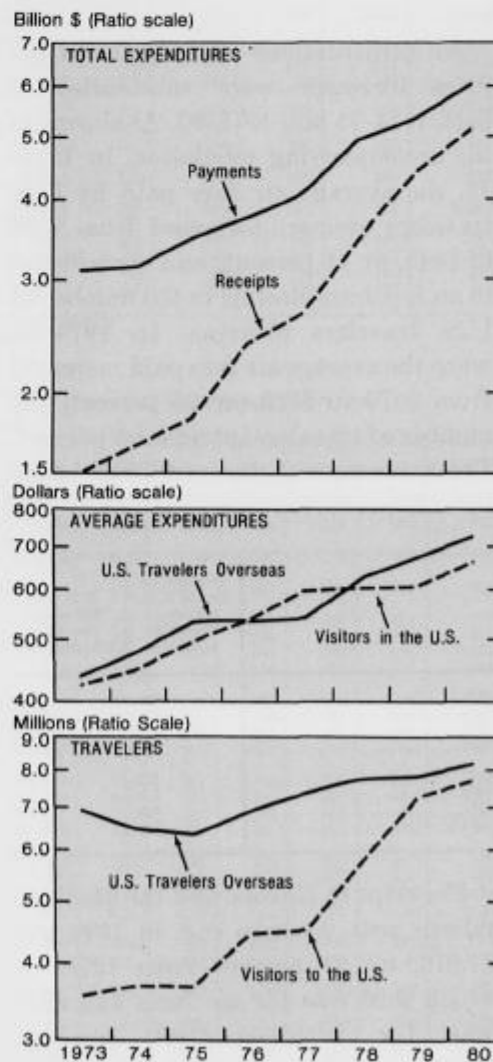
A milder downturn and smaller year-over-year exchange rate movements resulted in less disruption to U.S. travel abroad in 1979-80 than in the earlier period. Another factor contributing to the size of U.S. payments in the later period was the decontrol of fuel prices in the United States, which resulted in larger differences between gasoline prices in Canada and Mexico and those in the United States. These differences drew many U.S. residents of border areas to Canada and Mexico to purchase the less expensive fuel, contributing importantly to the increases in travel spending in those neighboring countries.

CHART 6
International Travel Expenditures



1. Adjusted for changes in the U.S. Consumer Price Index.
2. Adjusted for changes in foreign consumer prices and changes in dollar exchange rates; country data are weighted by travel expenditures and summed to total.

CHART 7
Overseas Travel



Overseas.—U.S. travel payments overseas, which accounted for 58 percent of total U.S. payments abroad, increased 12 percent in 1980 (table 5). Travelers' average expenditures were up 8 percent, reflecting the high rate of inflation in many countries overseas (table 6). Also, average lengths of stay increased for travelers to Europe and the Mediterranean, Bermuda, Other Caribbean and Central America, and South America (table 7). Lengths of stay decreased only in the Bahamas and "Other areas", primarily the Pacific and Far East. The total number of U.S. travelers overseas increased 4 percent (table 8). In 1980, U.S. travelers paid 13 percent or more to foreign flag carriers and 27 percent more to U.S. flag carriers for passenger fares than in 1979. In total, U.S. travelers spent 18 percent more for passenger fares overseas.

Air fare increases—largely due to fuel price increases—were substantial in both 1974-75 and 1979-80. As shown in the accompanying tabulation, in 1974-75, the average air fare paid by U.S. travelers overseas increased from \$386 to \$545, or 41 percent, and contributed to an 8-percent decline in the number of U.S. travelers overseas. In 1979-80, when the average air fare paid increased from \$570 to \$719, or 26 percent, the number of travelers increased 5 percent. This increase was, however, well below those in previous years.

	Average air fare of U.S. travelers overseas (dollars)	U.S. air travelers overseas (thousands)
1973	386	5,370
1974	403	5,420
1975	545	5,315
1976	547	5,342
1977	572	7,300
1978	570	7,303
1979	628	7,810
1980	719	8,127

For trips to Europe and the Mediterranean area, average cost in 1980 was \$1,676, up 21 percent from 1979, of which \$809 was for air fares and \$867 was for within-country expenses. Higher air fares and higher within country expenses affected travel to Eu-

Table 3.—Average Expenditures of Overseas Visitors in the United States, by Area

	[Dollars]							
	1973	1974	1975	1976	1977	1978	1979	1980
Total.....	428	450	497	537	535	504	595	663
Western Europe.....	344	369	407	450	532	538	592	578
Caribbean and Central America.....	412	425	431	504	478	408	459	499
South America.....	553	591	592	706	794	851	797	838
Other.....	500	515	590	804	665	650	656	759

rope and the Mediterranean in both 1979-80 and 1974-75, but more in the earlier period. The number of U.S. travelers declined 4 percent in 1979-80, compared with a 19-percent decline in 1974-75.

For travel payments to the Caribbean and Central America, 1980 increases were mostly due to higher average expenditures. For travel payments to South America and "Other areas," primarily the Pacific and Far East, increases in the number of travelers more than compensated for slight drops in average expenditures, resulting in substantial increases in travel payments to the two areas.

Canada.—U.S. travel payments to

Canada, which accounted for 17 percent of total U.S. payments abroad, increased 14 percent in 1980, about the same rate as in 1979.

U.S. auto travelers who enter and return from Canada on the same day accounted for 68 percent of all U.S. travelers to Canada compared with 60 percent in 1979. Their expenditures increased 51 percent, and were almost one-half of the increase in total travel payments to Canada. Canada's lower gasoline prices and the favorable exchange rate of the U.S. dollar for the Canadian currency contributed to the expenditure increases, which were concentrated in Canadian provinces near large U.S. cities.

Increases in other categories of U.S.

Table 4.—Foreign Visitors to the United States From Overseas, by Area and Type of Visit

	[Thousands]							
	1973	1974	1975	1976	1977	1978	1979*	1980*
Total.....	3,264	3,789	4,574	4,466	4,589	5,784	7,210	7,706
Europe.....	1,422	1,544	1,500	1,882	1,885	2,483	3,125	3,368
Caribbean and Central America.....	497	508	478	573	578	703	855	835
South America.....	358	401	438	510	573	773	995	1,183
Other areas.....	1,076	1,247	1,256	1,481	1,479	1,805	2,245	2,325
Japan.....	639	784	748	766	750	888	1,005	n.a.
Business.....	471	489	478	607	641	789	945	1,040
Europe.....	343	353	341	313	334	356	493	541
Caribbean and Central America.....	31	24	33	47	53	58	70	74
South America.....	21	37	35	47	52	63	80	83
Other areas.....	167	175	188	105	201	244	300	332
Japan.....	105	103	92	99	63	111	135	n.a.
Pleasure.....	2,772	2,898	2,906	3,526	3,530	4,595	5,885	6,313
Europe.....	1,081	1,191	1,150	1,466	1,488	1,883	2,490	2,720
Caribbean and Central America.....	494	491	466	566	562	688	720	716
South America.....	283	333	378	427	482	688	860	1,033
Other areas.....	704	936	874	1,148	1,127	1,392	1,736	1,843
Japan.....	517	658	635	659	634	745	925	n.a.
Transit.....	224	254	107	205	208	220	265	179
Europe.....	100	111	59	94	95	182	120	79
Caribbean and Central America.....	26	27	24	26	28	36	40	26
South America.....	23	21	22	22	21	22	25	17
Other areas.....	68	65	62	64	61	69	60	48
Japan.....	10	8	11	5	18	15	20	n.a.
Student.....	87	68	92	113	132	174	215	194
Europe.....	31	11	11	34	15	21	30	28
Caribbean and Central America.....	16	16	16	16	17	23	25	19
South America.....	11	10	11	14	18	23	30	25
Other areas.....	49	31	54	74	84	110	130	112
Japan.....	6	8	10	10	11	15	15	n.a.

* Preliminary.

NOTE.—Data are not adjusted for multiple entries on a single trip.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, based on data from U.S. Department of Justice, Immigration and Naturalization Service.

Table 5.—Travel Payments of U.S. Travelers in Foreign Countries, by Area

(Millions of dollars)

	1973	1974	1975	1976	1977	1978	1979	1980
Total travel payments.....	5,526	5,980	6,417	6,834	7,451	8,476	9,413	10,387
Canada.....	1,458	1,360	1,306	1,371	1,433	1,467	1,598	1,817
Mexico.....	1,204	1,478	1,637	1,723	1,918	2,121	2,400	2,584
Mexico border area.....	713	904	1,047	1,607	1,145	1,128	1,291	1,480
Overseas.....	3,104	3,146	3,474	3,763	4,100	4,947	5,354	6,046
Europe and Mediterranean.....	1,093	1,802	1,916	2,150	2,398	2,942	3,185	3,412
Western Europe.....	1,800	1,600	1,709	1,885	2,183	2,409	2,842	3,021
United Kingdom.....	354	368	404	404	665	771	826	903
France.....	237	198	228	264	233	287	386	381
Italy.....	228	188	194	207	240	268	300	360
Switzerland.....	136	117	121	129	145	164	158	190
Germany.....	170	153	174	193	203	220	283	322
Austria.....	77	61	65	70	73	73	84	104
Denmark.....	42	43	43	38	61	70	54	49
Sweden.....	27	32	26	37	40	52	38	42
Norway.....	33	31	44	40	37	49	47	51
Netherlands.....	63	47	60	58	40	65	71	96
Belgium-Luxembourg.....	25	31	36	35	34	37	50	44
Spain.....	201	138	135	117	121	313	280	178
Portugal.....	59	38	19	14	37	33	59	69
Ireland.....	46	47	55	83	97	110	115	103
Greece.....	28	54	73	80	102	140	163	129
Other Western Europe.....	27	20	28	24	28	45	40	34
Other Europe and Mediterranean.....	193	289	209	285	205	342	242	291
Israel.....	100	95	57	118	148	144	157	179
Other.....	93	107	152	147	149	108	190	213
Caribbean and Central America.....	270	883	787	784	790	888	1,010	1,134
Bermuda.....	80	110	118	133	128	135	164	181
Bahamas.....	136	141	161	168	158	199	224	262
Jamaica.....	106	122	118	109	100	118	122	118
Other British West Indies.....	96	87	103	125	144	153	190	189
Netherlands West Indies.....	56	90	97	102	106	114	188	157
Other West Indies and Central America.....	86	155	190	147	159	166	181	217
South America.....	122	209	242	232	264	206	288	302
Other areas.....	400	450	527	506	638	811	862	1,078
Japan.....	123	102	131	145	149	155	143	125
Hong Kong.....	65	75	75	74	87	113	137	145
Australia-New Zealand.....	48	54	54	82	92	123	153	234
Other.....	179	218	267	268	330	430	430	514

1. Includes all European countries, Algeria, Cyprus, Egypt, Israel, Lebanon, Libya, Malta, Morocco, Syria, Tunisia, and Turkey.
 NOTE.—Includes shore expenditures of cruise travelers.

Table 6.—Average Expenditures of U.S. Travelers Overseas, by Area
(Dollars)

	1973	1974	1975	1976	1977	1978	1979	1980
Total.....	439	479	533	533	643	624	672	728
Europe and Mediterranean.....	609	642	692	610	613	717	783	807
Western Europe.....	484	513	572	572	574	664	725	800
United Kingdom.....	205	300	337	350	375	447	511	572
France.....	215	240	279	282	290	323	375	431
Italy.....	242	285	294	311	336	382	418	481
Switzerland.....	175	214	213	291	294	287	285	285
Germany.....	186	210	238	246	264	285	328	409
Austria.....	148	182	173	177	218	179	200	245
Denmark.....	153	178	187	178	214	258	262	271
Sweden.....	145	197	192	240	222	244	279	311
Norway.....	104	229	326	301	252	297	343	432
Netherlands.....	111	123	145	134	155	179	187	241
Belgium-Luxembourg.....	72	127	137	121	142	158	195	181
Spain.....	257	290	309	370	452	467	461	470
Portugal.....	173	203	208	246	270	272	297	373
Ireland.....	214	270	287	331	320	372	414	431
Greece.....	280	371	411	363	397	493	578	589
Other Western Europe.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Israel.....	363	412	409	447	492	520	609	610
Other.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Caribbean and Central America.....	258	305	398	318	320	340	367	398
South America.....	345	404	541	552	526	504	664	638
Other Areas.....	678	797	862	898	839	1,007	1,078	1,064

n.a. Not available.
 NOTE.—Excludes shore expenditures of cruise travelers.

travelers were much smaller. The number of U.S. auto travelers staying one night, and those staying two or more nights, increased less than 1 percent each. Air travelers, who generally have the highest average expenditures, increased only 1 percent in number. The last two categories accounted for about 70 percent of all U.S. travel payments to Canada.

The increase in travel to purchase gasoline in 1979-80 modified the quarterly distribution of U.S. travelers. Although the third quarter is still the most popular for U.S. travel to Canada, it accounted for only 40 percent of the annual total in 1980, compared with 52 percent in 1978. Travelers in the first quarter accounted for 14 percent, up from 9 percent, and in the fourth quarter for 19 percent, up from 14 percent.

Mexico.—U.S. travel expenditures in Mexico, which accounted for 25 percent of total U.S. payments abroad, increased 4 percent in 1980, well below the rate of increase in previous years.

Expenditures in the border area of Mexico were up 10 percent. The lower gasoline prices in Mexico drew many U.S. travelers into the border area, despite the high rate of inflation in Mexico that pushed prices for other goods up even faster than in the United States. Travel expenditures in the interior of Mexico fell 2 percent. Rapidly rising Mexican prices and higher air fares combined to discourage U.S. travel there.

Table 7.—Average Length of Stay of U.S. Travelers in Selected Areas

	[Days]							
	1973	1974	1975	1976	1977	1978	1979	1980
Europe and Mediterranean.....	24	24	24	24	19	20	20	21
Caribbean and Central America:								
Bermude.....	8	6	6	6	6	6	6	7
Bahamas.....	5	6	6	6	6	7	7	8
Other Caribbean and Central America.....	10	10	12	8	9	12	11	12
South America.....	14	18	18	14	14	19	18	18
Other overseas.....	28	22	23	20	20	25	26	24

NOTE.—Excludes cruise travelers.

Table 8.—U.S. Travelers Overseas

	[Thousands]							
	1973	1974	1975	1976	1977	1978	1979	1980
Total.....	6,833	6,467	6,364	6,297	7,139	7,790	7,836	8,163
Europe and Mediterranean.....	2,916	3,325	3,135	3,523	3,920	4,105	4,068	4,094
Western Europe.....	2,728	3,116	2,900	3,206	3,663	3,914	3,866	3,746
United Kingdom.....	1,334	1,327	1,100	1,268	1,556	1,728	1,617	1,580
France.....	1,100	824	800	902	786	862	948	888
Italy.....	807	657	600	635	715	719	718	740
Switzerland.....	772	544	557	625	630	672	635	590
Germany.....	615	712	733	802	708	705	884	787
Austria.....	516	333	377	395	350	426	419	430
Denmark.....	274	239	230	214	238	271	308	191
Sweden.....	184	164	100	154	130	313	135	135
Norway.....	170	184	135	133	147	165	197	118
Netherlands.....	573	362	410	402	317	368	378	396
Belgium-Luxembourg.....	342	246	280	280	240	234	257	242
Spain.....	784	668	370	229	334	534	443	368
Portugal.....	332	179	85	59	134	195	195	165
Ireland.....	219	275	191	251	263	298	278	239
Greece.....	616	226	178	229	257	284	269	284
Other Western Europe.....	600	331	142	140	123	219	167	154
Israel.....	261	231	189	264	319	277	238	260
Other.....	496	430	618	494	489	606	509	497
Caribbean and Central America.....	2,032	2,147	2,065	2,201	2,303	2,365	2,533	2,624
South America.....	383	423	447	436	483	515	434	564
Other areas.....	806	672	667	727	784	805	800	1,011

NOTE.—Excludes cruise travelers.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, based on data from U.S. Department of Justice Immigration and Naturalization Service.